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UNCLAS SECTION 01 OF 03 KATHMANDU 000707

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USAID FOR ANE/AA GORDON WEST AND JIM BEVER  
MANILA FOR USAID/DCHA/OFDA  
LONDON FOR POL/RIEDEL  
TREASURY FOR GENERAL COUNSEL/DAUFHAUSER AND DAS JZARATE  
TREASURY ALSO FOR OFAC/RNEWCOMB AND TASK FORCE ON TERRORIST  
FINANCING  
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN

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SUBJECT: UPDATE ON NEPAL'S MAOIST INSURGENCY, APRIL 11-18

REFERENCE: (A) KATHMANDU 0692  
(B) KATHMANDU 0677

SUMMARY

1. On April 16 the Government of Nepal (GON) finally announced its six-member team for peace talks with the Maoists (Ref A). Baburam Bhattarai and the Maoist negotiating team met with Narayan Singh Pun, government-appointed peace talks coordinator, for "goodwill" talks on April 13, following the release from jail of two Maoist Central Committee Members. Minister Pun said other Central Committee Members still imprisoned would be released as peace talks progressed. In a series of meetings with the business community, Maoist ideologue Baburam Bhattarai sent conflicting messages about his party's economic policies. Maoists reportedly abducted ten people and continue to extort money. The All Nepal National Independent Students Union-Revolutionary (ANNISU-R), the Maoist-affiliated students' group, protesting the hike in gasoline prices, went on a rampage on April 15, setting fires and destroying documents. The militant students were also among eight student groups who called for an educational strike, or bandh, on April 17, in which schools throughout the nation were forced to close (Ref B). Victims of the Maoist insurgency issued a joint statement on April 13 demanding that the GON punish Maoist criminals, and accusing the GON of giving undue respect to Maoist leaders. They warned of their own revolution if they are denied a place in the peace talks. End Summary.

GON ANNOUNCES PEACE TALKS TEAM; STILL NO DATE

2. The GON announced on April 16 that Badri Prasad Mandal, the Deputy Prime Minister, will head the government's negotiating team for peace talks with the Maoists (Ref A). Narayan Singh Pun, Minister of Physical Planning and Works, who had been coordinating the peace process since the declaration of the ceasefire on January 29, will stay on as a team member. The four other members are Upendra Devkota, Minister for Health, Science and Technology; Ramesh Nath Pandey, Minister for Information and Communication; Kamal Chaulagain, Minister of Labor and Transport Management; and Anuradha Koirala, Assistant Minister for Women, Children and Social Welfare. A vernacular publication has reported that the Royal Palace has appointed a Royal Nepal Army (RNA) intelligence committee to coordinate the peace talks. Quoting an unnamed source, the publication said the committee had already met several times to advise the GON.

3. Reactions from the Maoists and political parties to the formation of the government's team was mixed. Maoist talk team leader Baburam Bhattarai reportedly welcomed the announcement, and declared that the Maoists were ready to hold dialogue with the King if necessary. Krishna Bahadur Mahara, spokesman and member of the Maoist negotiating team, told the local press that the announcement was "commendable," but again criticized the length of time the GON had taken to form the team. Arjun Narsingh KC, spokesman for the Nepali Congress (NC), said the team was comprised of members of the illegitimate government, and Pradeep Nepal, spokesperson for the Communist Part of Nepal-United Marxist Leninist (CPN-UML), expressed concern that the peace talks agenda be made public.

4. Mahara reportedly told the local press on April 16 that the Maoists want peace talks to be completed within the next few months. He warned against any delay by the GON, and threatened that the insurgents would return to the jungle if the GON tried to prolong the ceasefire without holding peace talks. Minister Pun countered that it is impossible to set a deadline for the conclusion of the peace talks, but declared that the process will "take a long time."

#### GON RELEASES MAOIST LEADERS

15. The GON satisfied another of the demands made by the Maoists and released two of their Central Committee Members from military custody on April 13. According to press reports, the two leaders, Dhoj Khadga and Rekha Sharma, were flown to Kathmandu in Minister Pun's private helicopter. The Maoists had demanded the immediate release of a total of five Central Committee Members as a precondition to peace talks. Mahara said that while the Maoists were happy with the development, they would continue to press for the release of the remaining three leaders. Minister Pun reportedly has said the other releases would come gradually as the peace talks progressed.

#### GOODWILL TALKS HELD

16. Following the release of two of its senior level leaders, the Maoist negotiating team met with Minister Pun on April 13 for "goodwill" talks. According to press reports, the talks focused on implementing the code of conduct. While Pun termed the talks "official," Krishna Bahadur Mahara, Maoist spokesman, denied the discussions were official, referring to them as "goodwill" talks. Despite the disagreement, Pun said the talks were going well.

#### BHATTARAI'S BUSINESS BLUNDERS

17. Baburam Bhattarai shifted his public relations focus from political parties to the business community. His conflicting statements, however, left many businessmen wondering what the Maoist ideologue really meant. Bhattarai met with representatives of over sixteen business associations on April 14. He reportedly declared that the Maoists want to free Nepal's industries from the "shackles of Indian monopoly," and encouraged the audience to be self-sufficient instead of being dependent on foreign aid. At a subsequent meeting with other business leaders, however, Bhattarai contradicted those nationalistic statements, saying that the Maoists support a free and open market. Bhattarai's doublespeak continued, with the senior Maoist leader saying that his party's economic policy calls for an open market in all sectors, except for those that should be state controlled. While some business leaders have remarked that Bhattarai appears to be flexible with his economic ideas, others see this as another case of the Maoists not knowing what they want or how to achieve it.

#### MAOISTS VIOLATE CEASEFIRE

18. Maoists reportedly abducted ten people from three different districts in violation of the Code of Conduct established on March 13. On April 14 the insurgents abducted eight people from central Kavre District. One managed to escape. Maoists reportedly have accepted responsibility, claiming that the victims had been posing as Maoists and extorting money from villagers. The district level leader refused to say where the men were taken. A former Village Development Committee Chairman too was abducted by Maoists in southern Parsa District, as well as a merchant from Mohattari District. Violence and extortion by the Maoists apparently has continued despite the ceasefire and code of conduct.

#### ANNISU-R RAGE FUELS PROTEST FIRES

19. The All Nepal National Independent Students Union-Revolutionary (ANNISU-R), the Maoist-affiliated students' group, along with other politically affiliated student groups, went on a rampage on April 15, setting fires and destroying documents at various government offices throughout Kathmandu to protest upcoming college-level student body elections. The militant student group had demanded the postponement of the elections. (Note. Due to the violent protests the elections, scheduled for April 23, have now been postponed. The protests continue, however, with some student groups now demonstrating against the postponement. End Note).

110. ANNISU-R is among eight student groups who called for an educational strike, or bandh, on April 17, which forced the closure of schools throughout the country (Ref B). Several other upcoming bandhs are scheduled for April 20, 23, 28 and 29. The nationwide strikes are meant to force the closure of schools, businesses and transportation.

#### VICTIMS DEMAND JUSTICE

111. Local groups representing victims of the Maoist insurgency issued a joint statement on April 13 demanding

that the GON punish Maoists guilty of crimes, and accusing the GON of giving undue respect to Maoist leaders. Calling Bhattarai a "leader of the terrorist group," representatives said that the GON has forgotten that Bhattarai and his fellow cadres have tortured and killed many people for the past seven years. Representatives from the groups warned that they would start their own revolution if the GON and the Maoists dismissed their concerns. The groups are insisting on representation at the peace talks, legal action against those guilty of crimes, rehabilitation programs and compensation for victims of crimes committed by the Maoists.

MALINOWSKI